EFFECTIVENESS OF ADMINISTRATIVE SERVICES IN SLOVAKIA

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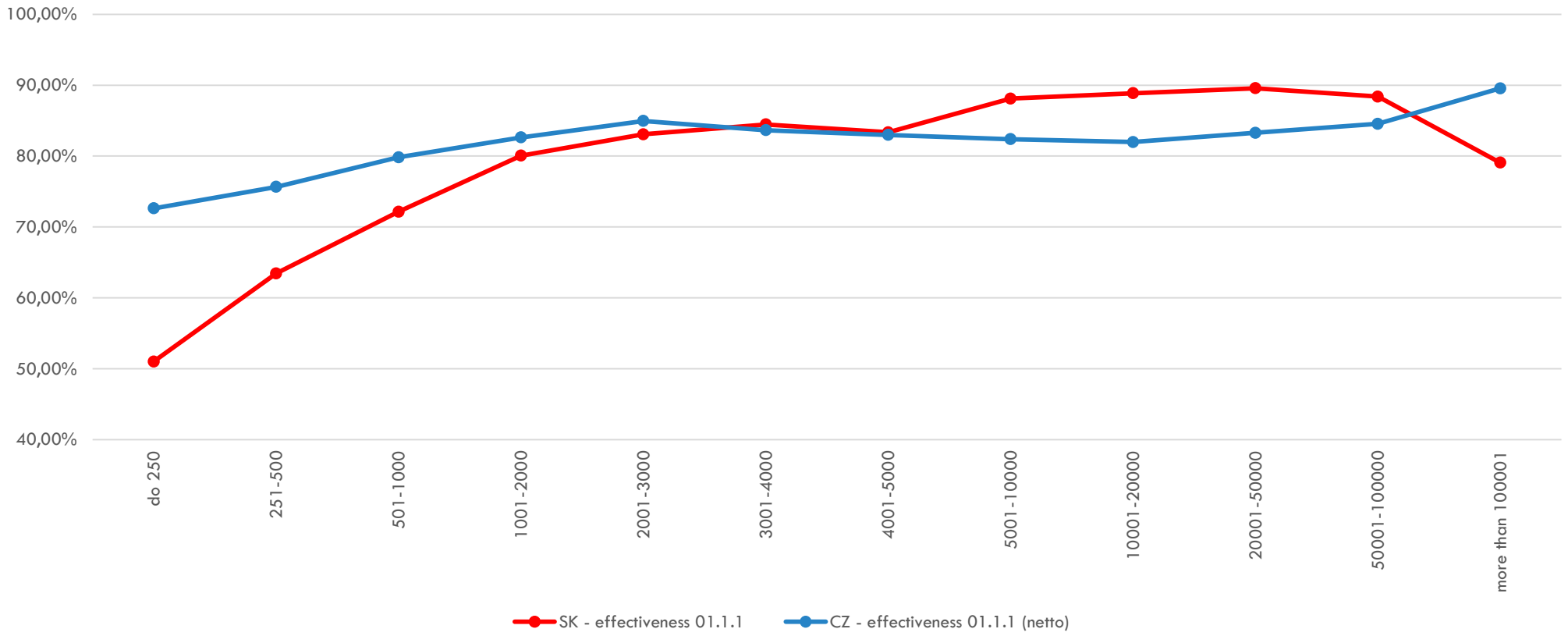
THE TODAY SITUATION



AIM OF THE PAPER

Is to verify previous findings that community

efficiency increases with the number of inhabitants to a certain point (e*conomies of scale*) and consequently decreases (the municipality becomes too large what causes *diseconomies of scale*)

DATA

Data

spendings of local governments, COFOG, DataCentrum Ministry of Finance of the SR

number of delegated competences, Jint municipal offices, Ministry of Interior of the SR

The sample was reduced of the city districts of Bratislava and Košice and the municipalities, which, as expenditure in COFOG class 01.1.1, stated either zero values or total expenditure. The total sample size decreased from 2926 to **2830 observations.**

METHODOLOGY 1

Methods

DEA – SBM_I_V

choice of *slack based model* is based on inappropriate changes between inputs and outputs

effectiveness of self-government should increase by reducing inputs - administration costs

Variable RTS – general assumption (of this paper)

METHODOLOGY 2

Simar – Wilson Test

suitability for regression with a censored variable on the left hand side and at the same time it performs better results with a DEA score as a dependent variable than Tobit regression

Dummy regression

dummies were used as explanatory variables for 10 size categories (up to 250 inhabitants, 251-500, 501-1000, 1001-2000, 2001-3000, 3001-4000, 4001-5000, 5001-10000, 10001-20000 and 20001-50000 inhabitants

DEA MODELS

Model 1 (Simar – Wilson test); 1DEA, 10 dummies

I1: COFOG 01.1.1 and *I2: the number of delegated competencies.*
O1: other municipal expenditure (total expenditure excluding COFOG 01.1.1) *per capita.*

Model 2 (effectiveness comparison); 1+11 DEA

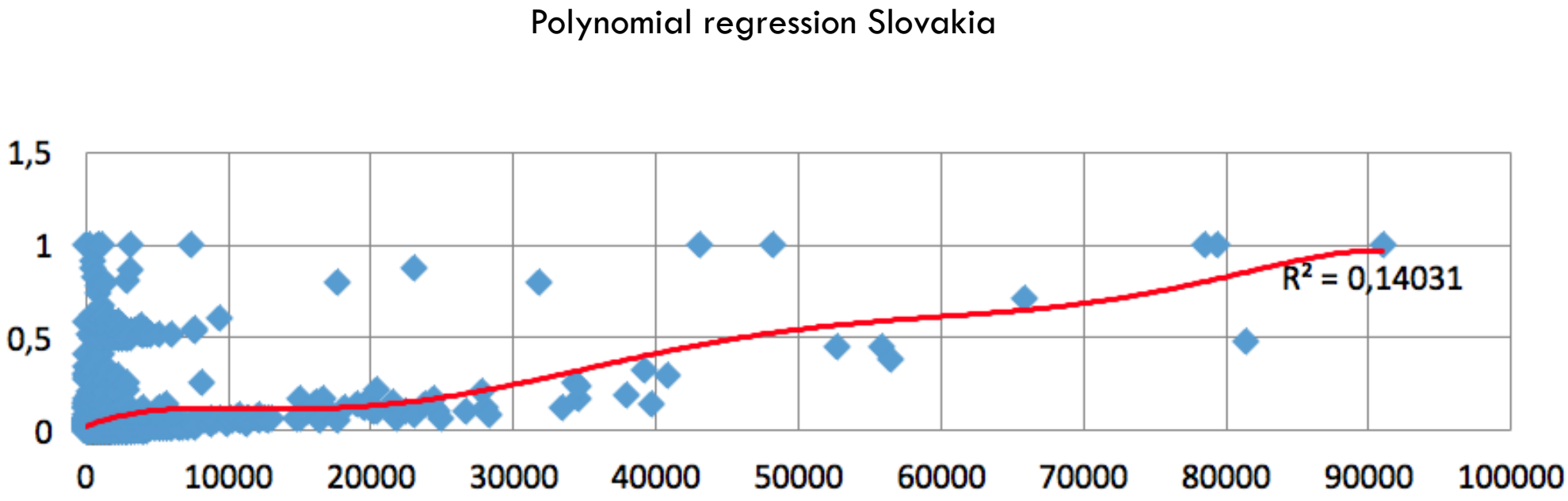
I1: COFOG 01.1.1 and I2: the number of delegated competencies. Outputs were *O1: other municipal expenditure* (total expenditure excluding COFOG 01.1.1) *per capita* and *O2: population*

RESULTS SIMAR-WILSON TEST

Simar& Wilson

Simar	&	Wilson	efficiency	analysis	Number	of	obs		=	2830
			Number	of	efficient	obs			=	6
			Number	of	bootstr.	reps			=	50
			Wald	chi2(10)					=	196,156
inefficient	if	DEA_sc	<	1		Prob	>	Chi2(10)	=	0
efficieny	Coef.	Std.	z	P>z	[95%	Conf.	Interval]			
DEA_sc										
do250	0,0327324	0,0412079	0,79	0,427	-0,0480336	0,1134985				
d251500	0,0229463	0,0401847	0,57	0,568	-0,0558144	0,1017069				
d5011000	0,0331865	0,040811	0,81	0,416	-0,0468016	0,1131747				
d10012000	0,0540948	0,0406289	1,33	0,183	-0,0255364	0,133726				
d20013000	0,0956221	0,0405504	2,36	**0,018**	0,0161448	0,1750995				
d30014000	0,0940389	0,0470181	2	**0,045**	0,0018851	0,1861928				
d40015000	0,1046813	0,0447752	2,34	**0,019**	0,0169236	0,1924391				
d500110000	0,0717334	0,0428311	1,67	**0,094**	-0,012214	0,1556809				
d1000120000	0,0236742	0,0380876	0,62	0,534	-0,0509761	0,0983245				
d2000150000	0,0569994	0,0454915	1,25	0,21	-0,0321623	0,1461611				
_cons	0,0014661	0,0404513	0,04	0,971	-0,077817	0,0807491				
/sigma	0,1098897	0,00143	76,84	0	0,1070868	0,1126925				

RESULTS POLYNOMIAL REGRESSION OF EFFECTIVENESS



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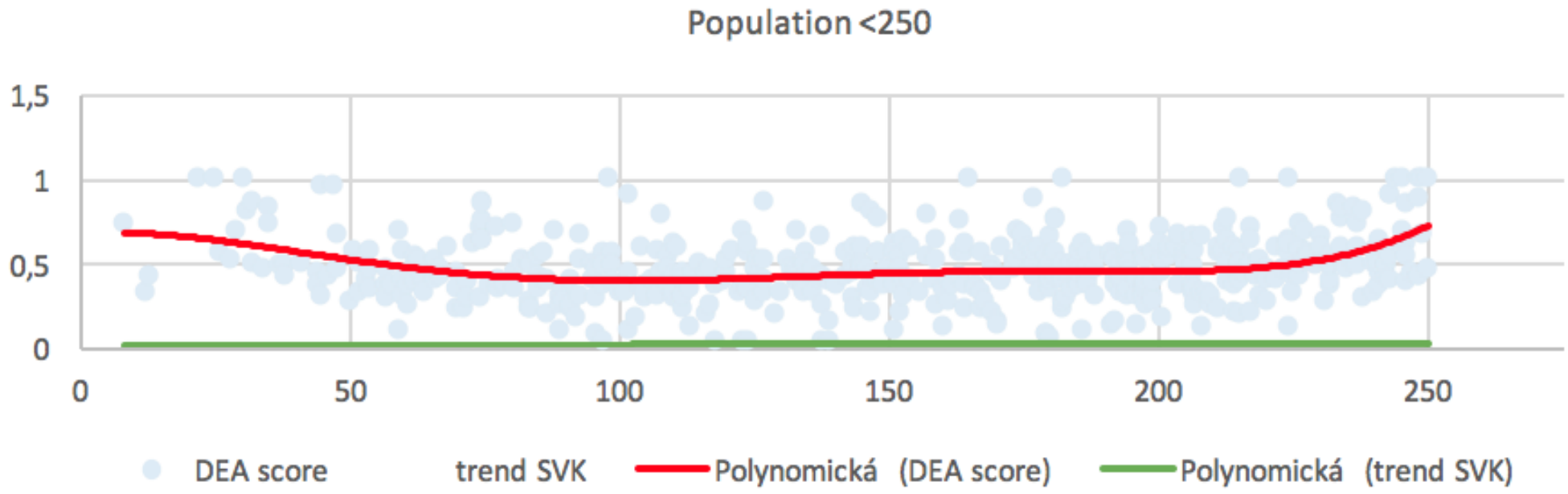

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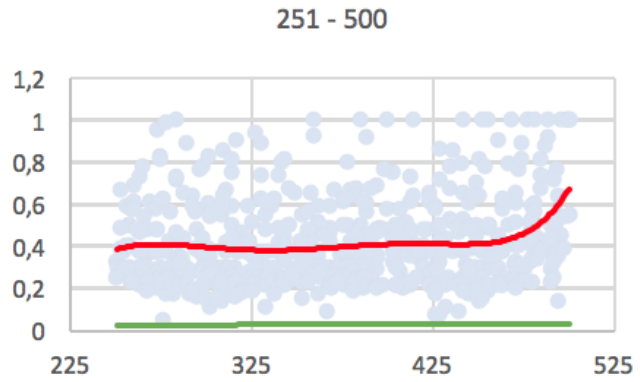

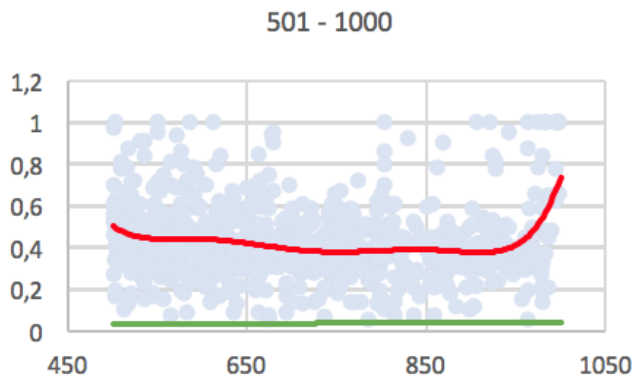

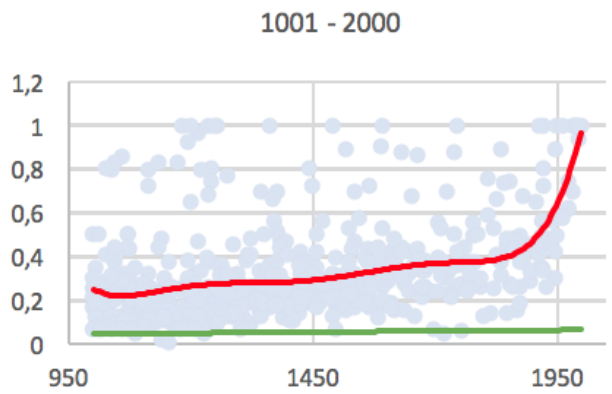

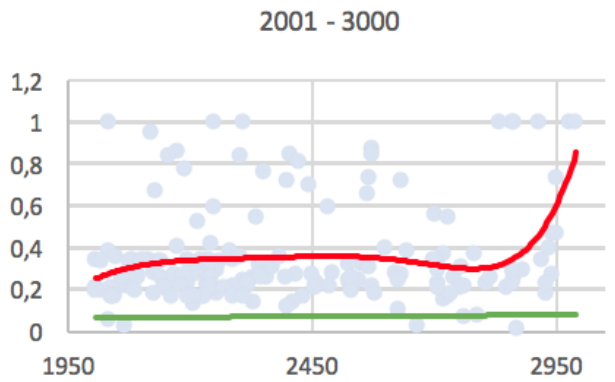

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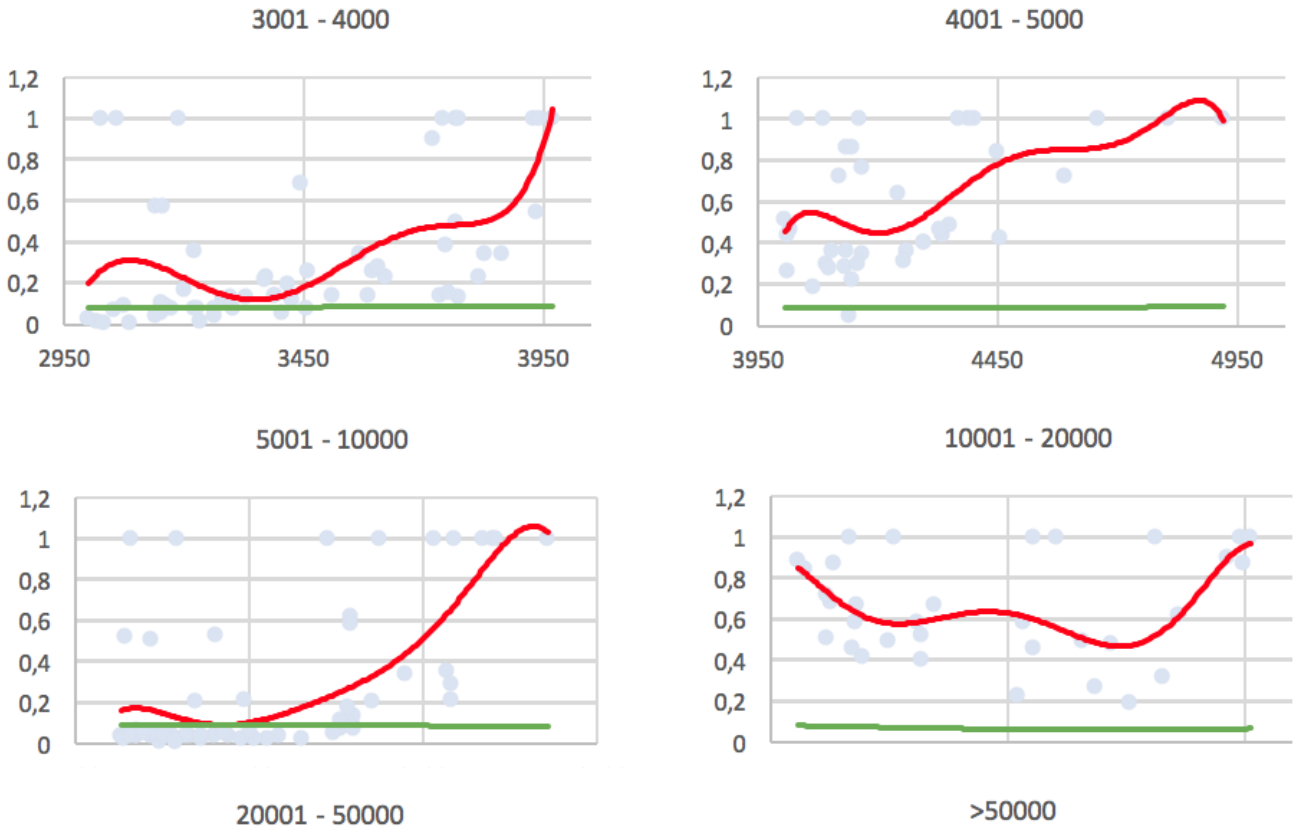

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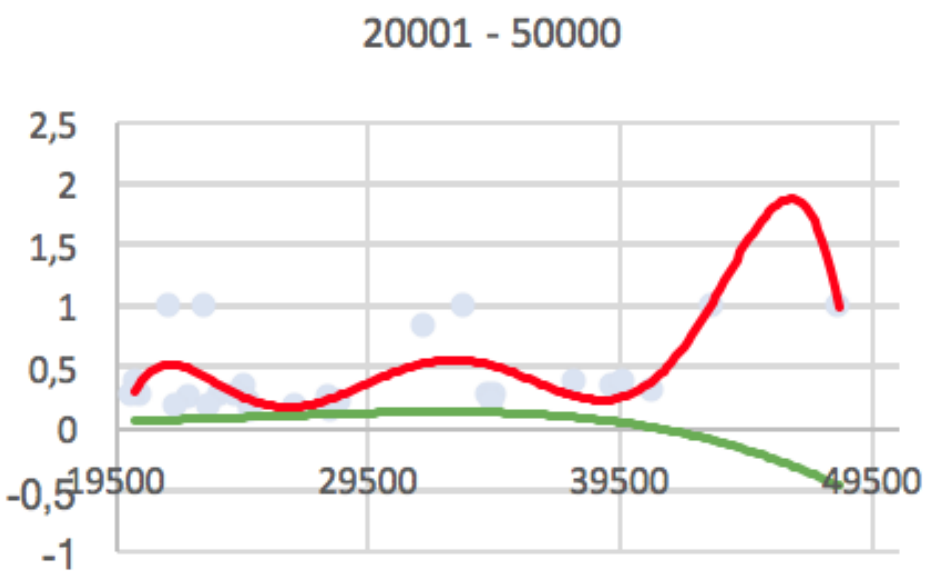

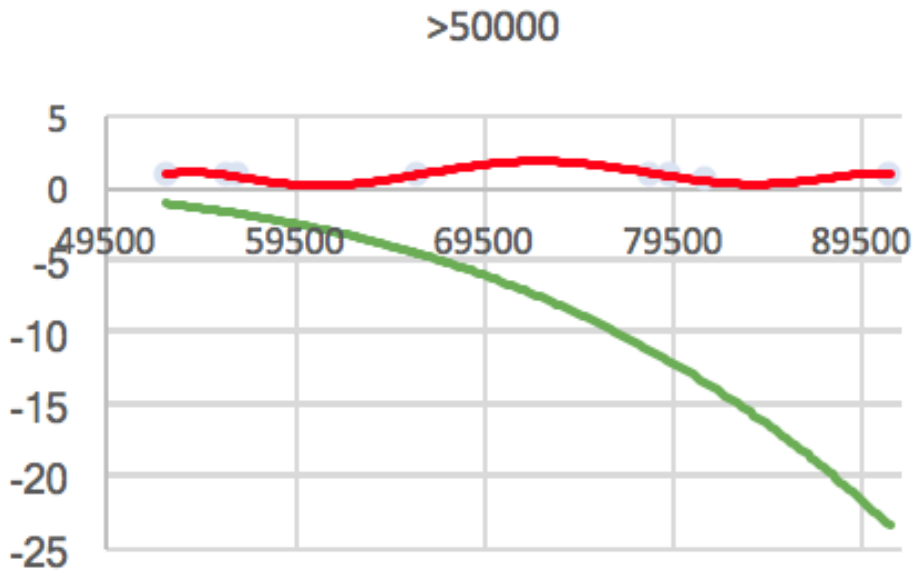

CONCLUSION 1

efficiency grows with the size of a municipality up to a size category of 20-50 thousand inhabitants, then begins to decline;

efficiency within the size category is growing along with the population;

municipalities with a population of up to 2,000 will not achieve greater efficiency until a qualitative change occurs due to passing the limit of population 2,000 (this will allow the provision of administrative and public services at a different level) ;

municipalities from 2,000 to 10,000 inhabitants can make the most profit from increasing the population (also by joining other municipalities; only in this category is according to the Simar - Wilson test the increase of efficiency due to population growth statistically significant);

CONCLUSION 2

in municipalities in the size category of 10-20 thousand inhabitants the population growth does not bring additional added value (other kind of services or more complex services) ;

municipalities of the size category of 20-50 thousand inhabitants are most effective (in the Slovak case) ;

in the size category of municipalities of more than 50,000 inhabitants, population-size efficiency declines, but they produce more complex administrative and public services.

RECOMMENDATIONS

TO INCREASE THE EFFICIENCY OF THE PUBLIC ADMINISTRATION SYSTEM IN SLOVAKIA

Small municipalities (according to the results of this paper smaller than 2,000 inhabitants) should either reduce the number of performed (assigned) competences or join other municipalities to create administrative units of more than 2,000 inhabitants. Joining into units smaller than 2,000 inhabitants brings actually only a result which can be expressed such as "*doing (quite) nothing more efficient*".

The municipalities from 2,000 to 20,000 inhabitants should join into larger administrative units.

In the case of municipalities from 20,000 inhabitants the policy should focus to the number (width) of provided public and administrative services where new services could and should be introduced.

WHAT IS ALREADY DONE…

THANK YOU FOR YOUR ATTENTION

Acknowledgements

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